

# The Mint Master

## PRESIDENTS MESSAGE—NOVEMBER

I hope that all of you had a great time at our auction last month. Bob Campbell did a great job calling the auction which included several UNS medal dies that saw spirited bidding. There were also a lot of other interesting lots purchased by our members and it finished just in time before Bob lost his voice. You can tell that Bob really enjoys the UNS auctions.

Another year is just about over and it's time to elect new officers for the next two years. November is our election meeting so please bring your nominations and ideas as to who will serve in our leadership positions next year. As President these past two years I've had a great time serving the club and been a part of several exciting changes that have transpired. I greatly appreciate the support I have been given and wish all the best to our next President.

Along with the election, Jeff Arbogast, a long time member of the UNS will be our speaker.

I hope to see all of you there.

Larry N. Nielsen  
President, U.N.S.

**November's Meeting will be on the 8th.  
Normal location at 7PM**



### NOVEMBER'S AGENDA

|                   |               |
|-------------------|---------------|
| Greetings .....   | Larry Nielsen |
| Mini Exhibit..... | Phil Clark    |
| News & Views..... | Phil Clark    |
| Coin Quiz.....    | None          |
| Refreshments..... | Sheri & Jan   |

### HIGHLIGHTS INSIDE THIS ISSUE

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| • Late Date Saints   | 2-5   |
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# ***Rarity of 'Late Date' Saint-Gaudens Double Eagles***

***Douglas A. Nyholm***

We all know about President Roosevelt's 1933 order prohibiting the ownership of gold by private individuals. This caused many patriotic citizens to surrender their gold which the government promptly melted. There was a clause in the order which did exclude collectable gold rarities however the wording was vague and mostly misunderstood by the average citizen. Additionally, the value of rare gold coins in the early 1930's was minimal when compared to the exorbitant prices these coins bring today. For example in a 1934 edition of the 'Star Rare Coin Encyclopedia' distributed by Max Mehl buy prices of a few examples of various gold coins are shown below:

- |                         |               |
|-------------------------|---------------|
| • \$4 Gold Stellas      | \$25 to \$60  |
| • Typical \$3 Gold Coin | \$3.25 to \$5 |
| • 1799 \$10 Gold        | \$11 to \$15  |
| • \$20 Double Eagles    | Face to \$25  |



Most individuals did not own gold coins during the depression and those that did were not aware of any value other than sentimental or standard face value and did their duty and turned them in without question to their banks. It is unknown how many great rarities were relegated to the melting pot but for today's coin collector it is fodder for nightmares. Even during the best of times during the early 20th century very few individuals owned gold coins, and generally they did not circulate in commerce, it would be a rare event if a merchant actually had one in his till. Probably the most common occurrence of gold distributed to individuals was during holidays, birthdays, and specifically Christmas. Bank patrons would solicit their bank generally for a \$2.5 or \$5 coin which would be given as a gift. I have read multiple stories of this happening for which well-to-do families would place a \$2.5 or \$5 gold coin in the Christmas stockings of their children.

Post World War I most of the world countries eliminated their own gold coinage or severely curtailed the mintage of gold coins. These countries also ceased backing their currencies with gold years before President Roosevelt's elimination of the gold standard here in the United States. This situation caused a large increase in gold exports from the United States to Europe and also South America. Other regions were similarly affected but to a lesser extent. It has

been reported that France, Switzerland, Belgium, and the Netherlands imported as much as \$5 Million in gold, mainly gold coins from the U.S., per week during this period. Many European banks would purchase large quantities of U.S. gold at face value and resell it at a 5% premium. These financial buyers would then resell it again on their secondary market for premiums of up to 20%. This did have an effect on the mintages of gold in the U.S. by significantly pushing the number of coins minted up due to demand although there was very little demand in the U.S. itself. This foreign demand is what led to massive exports of U.S. gold coinage. Due to the tiny demand here in the United States stockpiles also soared in the Treasury vaults. It is estimated that of the 1.7 million 1929 Double Eagles minted only about 1,176 were actually released to the public. Present certification levels of this date there are estimated to be about 300-400 coins which also included re-submissions.

The obvious question is if less than two thousand were ever released how then could so many gold coins be exported to foreign banks? Apparently it was not first in first out or any other understandable rhyme or reason why some dates were stockpiled in the Treasury almost to their entire mintage and other dates were exported by the millions. It is just by chance which bags and dates were moved. The 1924 or 1928 are two of the more common dates of double eagles while the 1927-S is a great rarity. Most of these double eagle rarities began in 1929 and continued until the end of the series in 1933 but there are several earlier dates which are included in these rarities such as the 1927-S, 1927-D, 1920-S and of course the 1921. There fortunately was a miniscule release of these dates to the public as the mass melting of these dates that never found their way to the mass exports to Europe and beyond preserved a few for today's collectors or they could have been completely lost for posterity.



A breakdown on other specific dates are detailed below.

**1930-S** A relatively low original mintage of only 74,000 coins occurred in San Francisco during 1930. These were struck for reserve purposes and the backing of 'Gold Certificates.' The current estimate of publically released 1930-S double eagles is 3,250.

**1931** The mintage for this issue jumped to just shy of 3 million coins. Bags languished in the Treasury vaults with virtually no demand and the estimated number of coins paid out does not exceed 350 total coins. There are only about 110 examples known today.

**1931-D** The Denver mint struck 106,500 examples and estimated survival rates have varied widely. Current





estimates give a high of about 150 surviving examples. 140 have been certified which again, no doubt, contains re-submissions.

**1932** Over 1.1 million coins were struck only in Philadelphia in 1932. Effectively this is the last collectable year for double eagles. Researchers have placed the number of specimens release at no more than 113 coins. Again, more than 150 have been certified which of course contains re-submissions.

This above covers the 'Late Dates' and the vast majority of these coins have survived in uncirculated condition. Gems of all do exist as these were put away probably by collectors and circulated examples probably escaped only by unfortunate circumstances or dire necessity due to financial needs during the depression. In regard to the 1933 coins I'm sure we are all aware of the single legal specimen which sold for over \$7 million dollars and traces its provenance to the King Farouk collection in Egypt. Then there are the 10 examples which have been in court recently and appear to at least be relegated hopefully to the Smithsonian as the Government now holds most of the cards in the legal battle. I just hope they will not be melted.



One final word on the 1933 coins is that the eleven mentioned are probably not all that are extant. Several coins in the late 1930's and early 1940's did come to market and were promptly confiscated and melted by the government and there are probably an unknown number still hiding out there somewhere. Estimates, which are total guesses, put the number as high as 20. Considering what happened to the recent 10 coins they will most likely never see the light of day in our lifetimes.

A final listing of the other dates which are great rarities due to the melting's in 1933 are listed here:

**1920-S** A moderate mintage of 558,000 occurred. None were officially exported to any foreign country and today less than 200 are known.

**1921** This coin had a mintage of 528,000. Virtually all went directly into the storage vaults. If any were ever exported it is not known for sure but qualities have never surfaced for Europe other than a couple of individual coins. Fewer than 175 examples are known.



**1927-D** This is the rarest Saint-Gaudens double eagle. None have ever appeared in any foreign hoards or collections. There are 3 coins in the Smithsonian and including these the total population known is less than 20 coins. The coin is valued at between \$2 and \$3 million. There were 180,000 originally minted.

**1927-S** A coin with a very high mintage of 3.1 million examples. Surprisingly a number of 1927-S coins have been found in Europe and South America. Still the survivors total only between 160-170 coins. No coins have been added to this total for decades.

Most of these coins are well beyond even advanced collectors but there have been some amazing collections and complete sets of Saints put together in the past century. There has also been much written about this series over the years.

*I want to give special thanks to Heritage Galleries for their excellent cataloguing of these coins from the 'Cherry Collection' to be sold as I write this in their auction on Oct. 31-Nov. 2 in New York. There is so much history to be learned from coins, their why's and how's not only explain what is rare and valuable but detail also the history, economics and world conditions that relate directly to our hobby. I look at the catalogues from Heritage and see much more than a catalogue to be tossed in the garbage after the sale. These catalogues contain as much if not more than many books on the subject.*



# Capitol Cornerstone Time Capsule

By  
Tom Davis

## Governor Opens 100 Year Old Time Capsule Box

At the last moment I was asked to go visit the State Capital Building to witness the opening of a box that was placed in the base of a column at the front of the Capital building when it was built 100 years ago. What got my curiosity up was the mention that the box contained at least a dollar. Coin or bill it was not known or what else might be in the box. Sitting on the back row for I was not old enough to sit up front (you had to be at least 100 to sit up front) I listened to a few addresses. Then 3 of the 100+ year individuals were asked to speak. One of them made the interesting comment that his grandmother was the last surviving pioneer when she died at age 108. Then the governor proceeded to cut open the copper box with power shears for there was no lid to the box. The first item the governor removed was a half dollar. Then many newspapers with the date of April 3, 1914 were



removed along with 2 books titled "Latter-day Saint Biographical Encyclopedia" and "Church Chronology: A Record of Important Events Pertaining to the History of The Church of Jesus Christ of Latter-day Saints". Other items contained in the box was a 2-cent stamp, 4 more coins, business cards, a union card from one of the construction crew, the original contract to build the Capital, copy of the Authorization Act for the Capital construction, programs of the ceremony, and photos from the event

in which the time capsule was placed in the stone base. The ceremony took place April 4, 1914 according to the program.

After the box opening John Lambert of Abstract Masonry Restoration showed us the hole that was drilled into the base of the column. He said it was no small feat to extract the small copper box from inside 3 feet of granite. Crews used penetrating radar to peek into each of the column stone bases at the front of the Capital and detected an anomaly in one base, determining that it was the right one. They used 3" core drills, boring 2 feet into the stone before



hitting mortar that they believed surrounded the box. They proceeded slowly through the mortar until they hit something that sounded like a hollow metal box. They spent 17 hours making a hole about 1'x2' by 2 feet deep then used a pry bar to loosen the mortar to get the box free. The box was a little dented but otherwise intact.

For us coin club members the most important information is what coins did the box contain?

A list of the coins in the box:

1896-O Dollar G-F

1892 Half Dollar G-VG

1909 Quarter VG-F

No Dime

1902 Nickel F

1913-S Penny XF



This strange assortment made me think that someone pulled coins from their pocket they just happen to have and placed them in the box. If there is a dime it could show up later for it might have slid into one of the newspapers, for all the coins were loose in the box.

While talking to Mr Lambert we informed him that there was no dime in the box and



suggested to him to search the hole for it. The next day a search was made and a 1913-D (? not sure of the mint mark) Nickel Type-2 (XF-AU) was found in the mortar. They are still looking for the dime.

There is talk of putting together a new time capsule and sealing it back in the base of stone to be removed in 100 years. Lets think about what should be in the box, maybe a 2016 set of US coins. Yes?

Tom Davis

# Programme of Laying of Corner Stone of the Capitol Building



Saturday, April 4th, Noon to four  
Salt Lake City, Utah  
4 p. m.





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1921 Double Eagle, MS62 PCGS



1930-S Double Eagle, MS63 PCGS. CAC



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# Coin Quiz - Test Your Trivia Knowledge !



1. What was the last year for Newfoundland coinage?  
A) 1937      B) 1949      C) 1947      D) 1945
2. In the old British system how many shillings equaled one crown?  
A) 5      B) 12      C) 15      D) 20
3. What is the face value of a gold slug?  
A) \$20      B) \$50      C) \$100      D) None
4. In what year did Canada have a 2 cent piece?  
A) 1858      B) 1859      C) 1870      D) Never
5. What was the first year Canada had a circulating silver dollar?  
A) 1858      B) 1870      C) 1921      D) 1935
6. What country had circulating platinum coins?  
A) Germany    B) South Africa    C) Russia    D) Czechoslovakia
7. What does the small maple leaf next to the date of some 1947 Canadian coins signify?  
A) Mint Mark    B) Promote National Pride  
C) A Flaw in the Die    D) The coin was struck in 1948
8. What years were no Washington quarters struck? (trick question?)  
A) 1933      B) 1943      C) 1975      D) 1998
9. What was the last year that a U.S. Large Cent was struck?  
A) 1856      B) 1857      C) 1859      D) 1868

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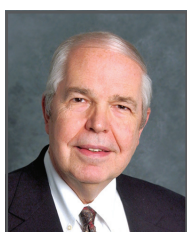
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## Recent Coin Show Coin Displays

Shown here are pictures of the displays exhibited at our recent coins show. First, I would like to apologize as there is one display missing. I took these pictures late Saturday and the one display had already been removed.

There were eight exhibitors which is more than we have had at any recent show and thanks to all who showed their interesting coins.

**The winners of the awards are listed below**

**BEST OF SHOW - AUSTRIAN BI-METALIC 25 EURO'S**

**KELLY FINNEGAN**

**PEOPLE'S CHOICE - SILVER EAGLES**

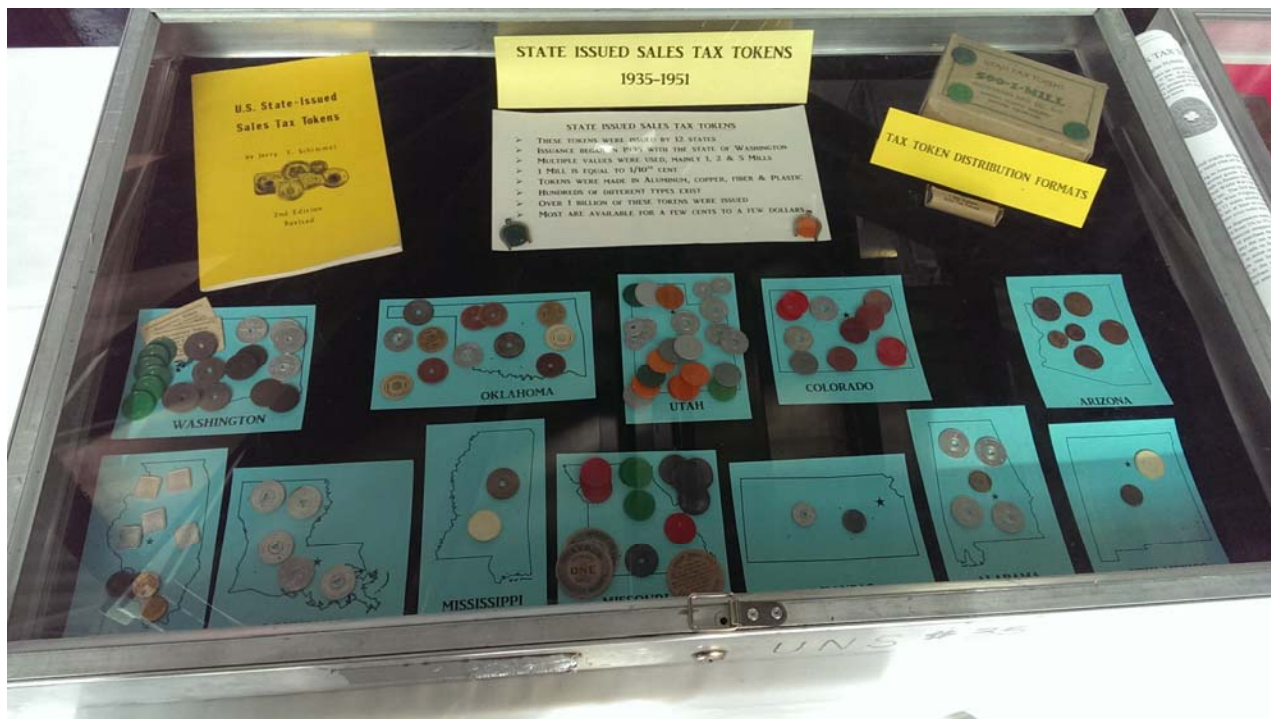
**LAVAR BURTON**

**YOUTH DISPLAY - MY FAVORITE THINGS**

**ELLA LEE**

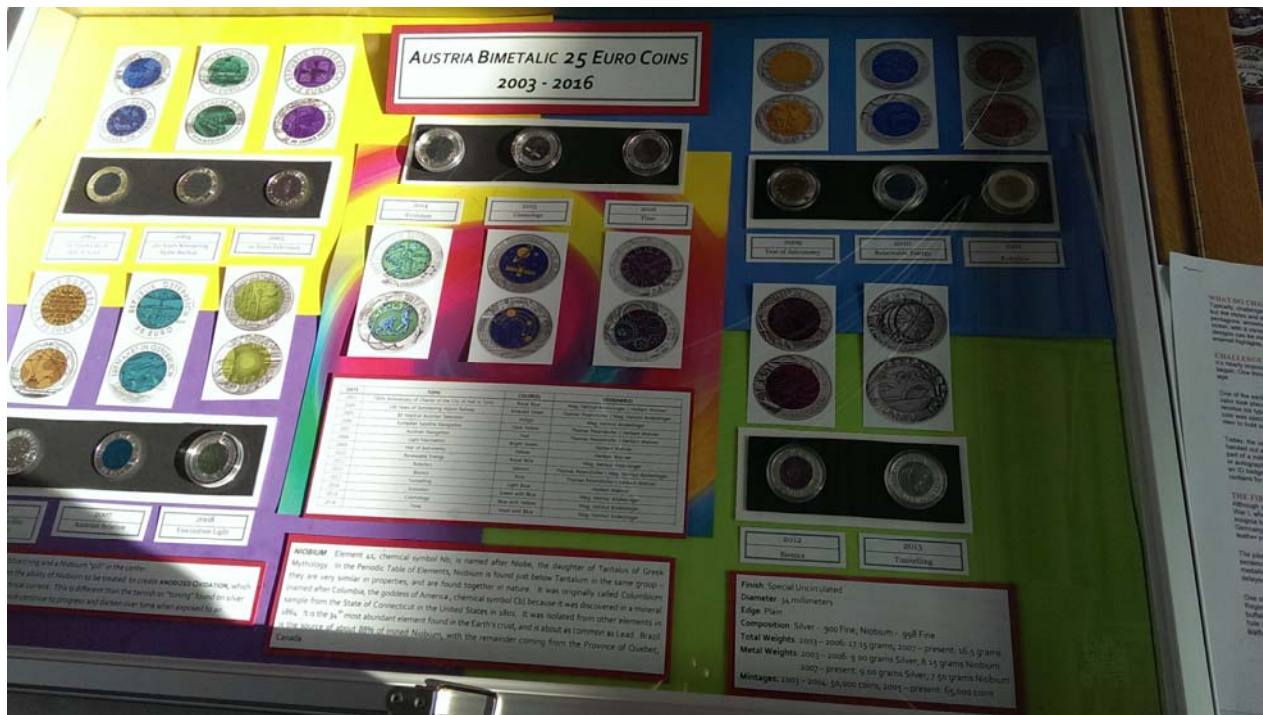














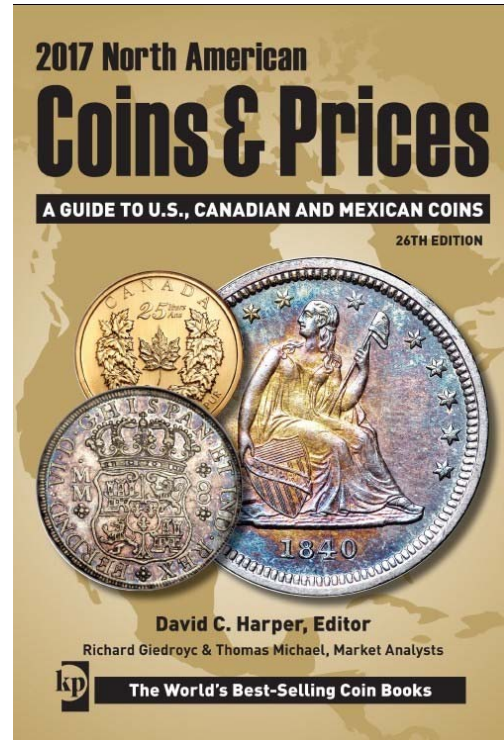


## BOOK REVIEW

### 2017 North American Coins & Prices

### A Guide to U.S., Canadian and Mexican Coins

By David C. Harper, editor;  
Richard Giedroyc & Thomas  
Michael, market analysts



This book I fondly call “The Other Red Book.” This important guide includes the additional countries of Canada and Mexico thus its name ‘North American.’ Therefore you are really getting three books for the price of one. Many of us collectors who’s primary collection is U.S. also dabble either in Canada or Mexico which make this an invaluable resource. The basic information noted by Krause regarding it’s contents are reprinted below.

*Featuring more than 50,000 individual coin listings, more than 6,100 photographs and updated coin prices for the United States, Canada and Mexico, 2017 North American Coins & Prices is the perfect single source reference for those passionate about the coins of our continent.*

*Organized by country, government, denomination and date of issue, this reference is a clear, detailed and easy-to-use resource for a vast array of coins.*

*The U.S. section offers listings for early Colonial coins and tokens of the 17th and 18th centuries through Federal issues from 1791 to date. The listings for Mexico begin in 1701 and flow chronologically through many government changes while Canada's listings begin with its earliest unified coinage in 1858 and continue through their many 21st century commemorative issues.*

\$21.95 Retail but can easily be found discounted on line.



# Buy Prices from a 1950 Numismatist

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| 1918 Lincoln .....  | 2.35    |
| 1922 Grant .....  | 2.25    |
| 1928 Hawaiian .....   | 24.00   |
| 1934 Maryland .....   | 2.50    |
| 1935 Hudson .....   | 11.00   |
| 1936 Wisconsin .....  | 2.00    |
| 1936 Elgin .....  | 2.40    |
| 1936 Albany .....   | 3.65    |
| 1936 Delaware .....   | 2.40    |
| 1936 Gettysburg .....   | 4.00    |
| 1936 Norfolk .....  | 4.00    |
| 1936 Robinson .....   | 1.85    |
| 1938 New Rochelle ....  | 5.00    |
| 1937 Roanoke .....  | 2.50    |
| \$175 paid for complete set \$1 and \$2½ gold.                |         |
| \$600 paid for complete set Commemorative silver in 3 albums. |         |

### FOREIGN GOLD

|   | V. F.  | Unc.   |
|---|--------|--------|
| British Sovereign ..  | \$8.50 | \$9.00 |
| France 20 Francs .  | 7.50   | 8.00   |
| Switzerland 20 Fr.  | 7.75   | 8.25   |
| Germany 20 Marks  | 8.00   | 8.50   |
| Doubloons .....   | 35.00  | 40.00  |
| More paid for scarce dates and proofs. Send list for our offer. |        |        |

### CURRENCY — LEGALS, CRISP UNC.

|                  |         |
|------------------|---------|
| 1862 \$1 .....   | \$ 7.00 |
| 1862 \$2 .....   | 11.50   |
| 1862 \$5 .....   | 11.50   |
| 1862 \$10 .....  | 22.50   |
| 1862 \$20 .....  | 36.00   |
| 1862 \$50 .....  | 115.00  |
| 1862 \$100 ..... | 180.00  |
| 1869 \$1 .....   | 9.00    |
| 1869 \$2 .....   | 11.50   |
| 1869 \$20 .....  | 40.00   |
| 1869 \$50 .....  | 115.00  |
| 1869 \$100 ..... | 150.00  |
| 1874 \$2 .....   | 85.00   |
| 1875 \$2 .....   | 11.50   |
| 1875 \$10 .....  | 23.00   |
| 1878 \$1 .....   | 6.00    |
| 1878 \$2 .....   | 11.00   |
| 1878 \$5 .....   | 16.00   |
| 1878 \$10 .....  | 19.00   |
| 1923 \$10 .....  | 16.00   |

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**NOVEMBER**

**ELECTION / GUEST  
SPEAKER**

**DECEMBER**

**CHRISTMAS**

**PRIZES FOR NOVEMBER**

**Youth prize - Civil War Coin & Stamp Set**  
**On-time prize - 1893 Columbian Half Dollar**  
**Member prize - Silver 1 Ounce Round**

**Buy of the Month**

**TO BE ANNOUNCED**

**Drawing Prizes**

**1881 O Morgan Dollar**  
**2015 Mexico Libertad**  
**Silver War Nickel Set**  
**Silver War Nickel Set**  
**1982 Washington Commemorative Half Proof**  
**1979 S Proof Set**  
**Canadian Specimen Reverse Proof Set**  
**Canadian Specimen Reverse Proof Set**  
**1996 Mint Set**  
**Niue \$5 WWII Generals - Eisenhower**  
**1818 Large Cent**  
**Barber Dime 3-coin set**  
**2009 S Silver Proof DC Quarter**  
**2 Off-Center Strike Lincoln Cents**





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We are now accepting quality consignments for our next auction. Call our experts toll-free at 844-HWAC-RNO (4922-766), or write to us today at [info@holabirdamericana.com](mailto:info@holabirdamericana.com) to discuss your collections, and please read our Consignment How-To for more information.

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- including American Saloon Rarities
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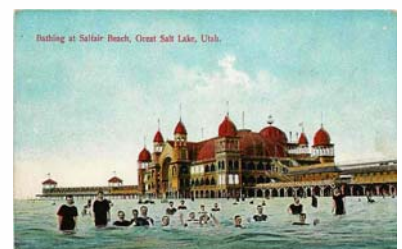
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## EDITORS MESSAGE—NOVEMBER 2016



I, like many of you, attended our recent coin show. I enjoy seeing all the dealers and old friends many of whom do not attend our club meetings. One subject that was on my mind was our hobby in general. I have noticed that at many shows the retail buying public is not as robust as in past years. It at times appears that most of the business is dealer to dealer. This brought up the question as to what is in store for the future of our hobby? Things change and coin collecting is no exception. There were many items which came up in my discussions such as coin shops vs. the internet, EBay in particular, grading controversies, and the number of young

collectors entering the hobby. All of these and more have a definite effect. Several dealers commented that coin shops have become buying vestiges and their selling is done on the internet or other shows. I remember as a kid we would go downtown to shop, then the malls came into being and stole business from downtown and now the internet is becoming much more predominant with everything. Also as a kid I would search change to fill the holes in my albums. Now there is virtually nothing of any value to be had from change and kids are much more likely to use the internet for other interests. We all need to put more effort into making

coin collecting more fun for future collectors. Another item which is almost taboo to criticize is the state of certification and grade deflation. As a kid it was fun to acquire that coin and place it into an open hole. Grades really didn't matter as long as the coin was decent looking. Now it seems that everything needs to be encased in plastic and anything in lower grades is simply junk. The least expensive Lincoln Cent in a slab is virtually \$10. Yes there's inflation but encased coins impersonalize the whole idea of coin collecting as I knew it as a kid. I don't have the solution and times change but we all must continue to strive to bring youth into our hobby. What are your thoughts?

Sincerely, Doug Nyholm



## **YOUNG NUMISMATISTS CORNER**

### **ANOTHER PERSPECTIVE ON THE PROBLEM OF THIRD-PARTY GRADING COMPANIES (TPGs) OVERGRADING AND SOME POSSIBLE SOLUTIONS OFFERED BY WILLIAM ECKBERG**

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The upcoming November 14th, 2016 of Coin World contains more articles on the subject grade deflation. One of the articles was written by William Eckberg, president of Early American Coppers and the co-author of Grading Guide for Early American Copper Coins. A frequent contributor to Coin World, his most recent article, "WHAT TO DO WITH GRADING CONCERNS?" is a concise analysis how the grading process evolved to what it is today, reasons why grade deflation exists, and some possible solutions to resolve the grade deflation problem.

Mr. Eckberg's analysis begins with a discussion of the American Numismatic Association's (ANA) decision many years ago to use numerical grades and its subsequent adaptation and modification of the Sheldon scale to provide a more precise and quantitative or even "scientific" quality to the subjective grading process. The Sheldon scale, which was never intended for grading, only had three MS grades of 60, 65, and 70. This upset dealers and MS-63 and MS-67 were added. Dealer, not collector, complaints continued and eventually all eleven numerical grades between 60 and 70 were adopted, despite the fact that definitive grading standards for all eleven were not and still have not been established. Now, with the addition of the "+" to the numeric grade, we are confronted with 21 possible ill-defined grades in the mint state category. Maybe logic will preclude the adoption of MS-70+. If you wonder why dealers wanted so much stratification in the mint state area take a look at retail price spread for a 1921-S Walking Liberty Half or an 1893-S Morgan.

The lack of any well-defined grading standards for uncirculated mint state coins and the inability of many, though not all, dealers to honestly and accurately grade and price their merchandise set the stage for the creation of independent TPGs like PCGS and NGC. Earlier attempts at certification and grading by the ANA and others were less than successful and were short-lived. The creation of independent TPGs with professional certification and grading staffs would evaluate submissions against established standards and the items would then be encapsulated in tamper-proof secure holders with grades assigned which would last forever. The goal and the plan were on target, but the subjective nature of the grading process remained a major factor because all graders/evaluators are not of equal proficiency or competency and therefore the results of their evaluations have been, are, and will continue to be varied on an individual and team basis. Numerous tests involving the same coins being evaluated by the same individuals on different days have resulted in different grades than assigned during earlier evaluations. Variability and inconsistency were and still are problems because all graders are not the same, some are simply better than others.

This variability and inconsistency in TPG grading has given rise to a phenomenon known as “Crack Out and Resubmit”. Simply put, a coin’s owner, whether dealer or collector, removes a TPG graded coin from its holder and resubmits it for grading until it receives the numerical grade desired. Good deal for the owner and the TPG Company, but opening the door to gradeflation and putting any future buyer in a difficult position unless they are astute, well informed, competent graders and know to buy the coin not the grade.

Many coins which were yesterday’s AU-58 or MS-60 are today’s MS-61, 62, or 63. Why?

Another factor contributing to the gradeflation problem is the practice of determining numerical grade based on “Market Grading”. What this means is that TPGs assign a numerical grade based on what price they perceive a coin should command in the market place. The degree of preservation or condition of a coin relative to its original mint state condition is relegated to a secondary role if it’s considered at all. The result is more subjectivity, inconsistency, and variability and in turn more gradeflation in the evaluation of both uncirculated mint state and circulated coins. In this same light, the TPGs have successfully marketed the concepts Early Release, First Release, and First Day of Issue which have been shown to add nothing to a coin’s value in the secondary market. Now, the question is, How do we deal with this gradeflation situation?

In his conclusion, Mr. Eckberg offers several suggestions for dealing with the current gradeflation problem. First, he suggests that we just learn to live with it and perhaps accept that the ANA grading standards will and should be lowered. However, he quickly counters that this would only be a temporary solution, would not correct the gradeflation problem, and is therefore unacceptable.

Next, he suggests that collectors rely on a system that grades the evaluation process of the TPGs. This is exactly what Certified Acceptance Corporation (CAC) and other similar companies do. For a fee, they certify that a slabbed coin is “solid for the grade” and not overgraded. Wow! I get to pay twice to know a coin has been accurately graded. While it is true that CAC green bean stickered coins often sell at a premium, is it the sticker or the coin that really commands the premium? He opines, and I wholeheartedly agree, that a collector purchasing any TPG slabbed coin should be able to determine if a coin is properly graded or overgraded based on their own expertise, knowledge, and grading skill or perhaps they should not be making the purchase. In addition, he suggests that TPGs be held accountable by collectors refusing to pay inflated prices for overgraded coins. This approach presupposes that there is some level of integrity in the process and that while there will be some initial turmoil in the marketplace, eventual dealer uproar will force the TPGs to become more consistent and accurate in their grading and less inclined to use “Market Grading”. It would also be a perfect example of the “Iron Law of Responsibility” in action with the TPGs being stripped of their ability to game the marketplace. He also suggests that a new supplemental grading system such as the PDS system proposed by Rick Snow could be used to definitively validate the grades assigned by the TPGs.



Finally he suggests the idea of using series specialists to perform the grading process. In support of this idea he briefly discusses how the Early American Copper marketplace and collectors function as an entity. He describes a set of processes that rely on the basics of any numismatic endeavor. In essence, serious collectors become specialists in a series or group of series. They study and research everything available on a series so they are fully knowledgeable and proficient in the evaluation and grading of Early American Coppers. Truly, a back to basics approach and clear recognition that specialization is required because “A Jack of Everything is a Master of Nothing”. Perhaps his idea of series specialist groups to validate and/or grade coins has merit and should be investigated. What do you think? Are you a series specialist? If not, could you become one?

PHIL CLARK



# STATE SALES TAX TOKENS

By Douglas Nyholm

Many of you may be familiar with the state issued sales tax tokens. These are relatively common and can occasional be found in dealers junk boxes for a dollar or less. A quick check of EBay also shows literally hundreds of these tokens from most issuing states for sale. So, what exactly are these strange little tokens? There are many different types of tax tokens. Many were produced locally by city, county or even by individual businesses in almost every state of the union. I will address only those tokens which were issued by state authority which consisted of 12 different states as listed below.

- ♦ Alabama
- ♦ Arizona
- ♦ Colorado
- ♦ Illinois
- ♦ Kansas
- ♦ Louisiana
- ♦ Mississippi
- ♦ Missouri
- ♦ New Mexico
- ♦ Oklahoma
- ♦ Utah
- ♦ Washington



One of the first questions commonly asked is, what exactly are these tokens, how were they used, and did they actually circulate? Also, since none of them are dated what are the years that they were in use?

There have been taxes in America almost as long as America has existed. The first general sales tax was instituted in 1821 in Pennsylvania for dealers of imported goods. A general sales tax was first proposed in America in 1862 by the Union attempting to raise funds to finance the Civil War. This bill at the time was defeated. The next time a sales tax raised its head was post World War I during the years 1918-23. At this time virtually every European country had adopted a sales tax. The first sales tax proposed in the United States was a 1% national tax in 1921. This failed nationally but West Virginia was successful in adopting a 1% sales tax that year. Nothing else occurred until 1933 when 11 states adopted sales taxes ranging up to 3%. By the end of the 1930's over 30 states had adopted a sales tax at least on a temporary basis, some for only a period of one year. However as with most taxes we encounter even today most of these became permanent.

Thus, enter the Sales Tax Tokens. During the depression many people found every cent important. Sales taxes ranged from 1% to 3% which actually caused a burden for many people in the financial strapped times. Many of these sales taxes applied to any amount of purchase therefore if someone made a purchase of 5c the only way to pay the tax was with a penny. This would cause the sale to become 6c amounting in a 20% tax. If in some cases the minimum amount of the purchase was limited to a larger amount the tax burden to the consumer would be eliminated but the merchant would then bear the tax based upon his total sales. All of those small purchases would





then be cumulative for the merchant and he would be stuck for the taxes not collected individually. Many merchants responded by producing their own fractional scrip to help offset the problem. In 1935 the sales tax tokens made their debut. Washington state was the first to issue the tokens on May 1, 1935 and immediately found themselves in court with the government with the legality of a state issuing their own currency. Illinois soon followed suit and on July 2 of that year placed round 1 ½ Mill tokens into circulation. Washington refused to back down against the federal government and the government countered by proposing to strike two



new coins in the denominations of 1/2c and 1/10 cent which would be issued in copper and aluminum respectively. The proposal never made it out of committee but can you imagine we almost had two new denominations of federal coinage! Other states noted that the government was not equipped to do battle with the states on this issue and began to issue their own tokens along with Washington and Illinois. New Mexico was next followed by Missouri in August of 1935, then Colorado on Sept. 1 and a precedent was established. Eventually 12 states issued tax tokens, and the next question, did



these tokens actually circulate, yes they did. They, however, even from the beginning, were never popular and in Illinois their use of tokens was effectively over by the middle of 1936. The use in most of the issuing states lingered on and the first state, Washington, which issued these tokens ended their use in April of 1951. Utah ended the use of its tokens in May of 1951 and finally Missouri ended productions of tokens in Dec. of 1954 however provisions allowing their use were not removed until 1961. Regardless of the official ending date, their widespread use did not proceed much beyond 1940 but there are sporadic mentions of their use in the early 1940's.

It is estimated that over 1 billion tax tokens were issued by these 12 states. Many were redeemed but hundreds of thousands have survived for collectors. There are well over 100 different types documented of which almost all are easily collectable for a minimal cost.



Each state has a story to tell regarding the tokens it issued and I will give some specific details on those used in Utah. Utah's first tax went into effect June 1 1933. The rates were split at ¾% and 1% which soon changed on August 1, 1933 to 2%. On March 17 of 1937 Governor Henry Blood approved the "Emergency Revenue Act of 1937" which allowed the use of tax tokens. As of July 1, 1937 tax tokens were issued in Utah making Utah the eleventh state to issue tokens. Distribution occurred via banks and at

Utah tax offices. An estimated 10 million tokens were placed into circulation immediately. The tokens were made available only to licensed vendors and sold in multiples of 200 packaged in rolls of 50. Initially the first tokens were in 1 and 5 mill denominations struck in aluminum. There were two distinct types, one side read "UTAH SALES TAX TOKEN" while the other side had two different statements, one read "UTAH STATE TAX COMMISSION" while the other read "EMERGENCY RELIEF FUND." Initially the public was very much against the issuance and usage of the tokens and attempted to take action by demonstrating against them. Ultimately nothing came of this public outcry and the tokens continued to be used in circulation. Mintage estimates are at 30.2 million of the 1 mill and 5.3 million of the 5 mill which were struck between 1937 and 1942. World War II caused the demand for aluminum to be diverted to the



war effort causing Utah to switch to plastic tokens in early 1942. Plastic tokens were manufactured in green 1 mill, orange 5 mill, and gray 2 mill denominations. During the remainder of the decade 20.4 million 1 mill, 32.3 million 2 mill and 13.2 million 5 mill tokens were produced and issued. There are actually many color variations in the Utah tokens due to lax manufacturing processes with poor quality control. The last purchase by the state of Utah of tokens was on November of 1950 and the tax token system officially ended on May 4, 1951. There was never popular support for the program and the public applauded its end. Utah actually had an official program to redeem the tokens and a small number of 1.4 million 1 mill, 2.2 million 2 mill and 1.4 million 5 mill tokens were redeemed and destroyed. This leaves many millions outstanding of which a significant number were disposed of as trash with a large number of remaining tokens available for collectors.

Collecting state tokens can be interesting as they came in various shapes and sizes as well as denominations. There are many designs and varieties as well as 'so called' patterns which make it almost impossible to put together a complete set. It is akin for a collector to assemble a complete set of obsolete currency.

Additionally these tokens were made in brass, aluminum, plastic of many colors, paper and fiber. There were also brass plated copper tokens and reportedly specimen striking's in gold and silver which have been reported for the state of Washington and a 14k gold specimen from the state of Missouri. Tokens came in multiple denominations usually expressed in Mills. 1 mill was equal to 1/10 of a cent. Some tokens such as a Washington piece stated "Tax on purchase of 10 cents or less."

Some of the known denominations are listed below:

Getting back to the different materials, the plastics have several interesting characteristics. All state issued plastic tokens are the same except for the name of the issuing state. Only Alabama issued a plastic token

- ♦ 1 Mil
- ♦ 1 ½ Mills
- ♦ 2 Mills
- ♦ 5 Mills
- ♦ 1/5 Cent
- ♦ On 10c or less
- ♦ 3% Token
- ♦ On 14c or less
- ♦ 1 Token
- ♦ 1 Sales Tax Token

#



with different obverse and reverse dies. Metal tokens were issued first from 1935-43 and plastics began in 1943. One item to note is that the zinc tokens suffered from the same problems as 1943 War cents which was that they easily corroded and actually looked grimy.

The sizes of all sales tax tokens varied but the majority were 22-23 millimeter. Most came with a center punch of various designs, usually round, square, triangular, or a cross. Sizes of these punches also varied. A list of the 12 states and the materials they used are shown below:





|               |   |
|---------------|---|
| ♦ Alabama     | Aluminum / Brass / Zinc / Fiber / Plastic |
| ♦ Arizona     | Copper / Aluminum / Zinc / Brass          |
| ♦ Colorado    | Aluminum / Fiber / Plastic                |
| ♦ Illinois    | Aluminum                                  |
| ♦ Kansas      | Aluminum / Zinc                           |
| ♦ Louisiana   | Aluminum / Brass                          |
| ♦ Mississippi | Aluminum / Brass / Fiber / Plastic        |
| ♦ Missouri    | Cardboard / Zinc / Plastic                |
| ♦ New Mexico  | Aluminum / Copper / Fiber / Plastic       |
| ♦ Oklahoma    | Aluminum / Brass / Fiber / Cardboard      |
| ♦ Utah        | Aluminum / Plastic                        |
| ♦ Washington  | Aluminum / Paper / Fiber / Plastic        |

As can be imagined with all these different types, shapes, sizes, and materials, collecting these tokens can be both challenging and interesting. Fortunately virtually nothing is a budget buster. Actually I find it kind of refreshing to be able to collect something which can be purchased for pocket change. It reminds me of my childhood collecting endeavors.

A couple of additional collector notes include the original distribution methods. These tokens were transferred by rolls in the same manner as coins. They were shipped in these rolls which were plain but marked with the type of contents and state. Virtually all of these rolls have been broken up or else held in oldtime collections and rarely do they appear in the marketplace. Sometimes the empty rolls are sold but these are almost as rare as the intact rolls themselves. The plastic tokens are very common and as stated come in a multitude of colors. They were sometimes distributed in cardboard boxes of 500 tokens and these are also quite scarce. One of the common problems with plastic tokens was warping. This most likely was caused by heat and poor quality plastic. Obviously for collector concerns these warped tokens are worth much less than perfect examples.

I hope this information has helped you understand Sales Tax Tokens and next time you spot one of these you will know what they are and how they were used. If you find these tokens interesting a simple set would be to acquire a token from each of the 12 states. Even being a bit picky you should be able to accomplish this for only about \$10. Good luck.



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